



Kurita Water Industries Ltd.

Results Presentation for the First Nine Months of the Fiscal Year Ending March 31, 2023

(Securities code: 6370)

February 3, 2023

1	Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023	p 1-10
2	Revision to Forecast for the Fiscal Year Ending March 31, 2023	p 11-13

1 | Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2023

Overview of Results



(Billions of Yen)		Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Orders		218.8	288.1	+31.6%
Net Sales		211.2	251.7	+19.2%
Business Profit		25.2	28.4	+12.6%
Net of Other Income and Expenses		0.3	(0.7)	-
Operating Profit		25.5	27.7	+8.3%
Profit Before Tax		20.8	29.0	+ 39.4%
Profit Attributable to Owners of Parent		12.0	20.1	+ 67.5%
Basic Earnings per Share (yen)		107.08	179.28	-
Foreign Exchange Rate	USD (yen)	111.1	136.5	
	EUR (yen)	130.6	140.6	
	CNY (yen)	17.3	19.9	

- Profit before tax and profit below rose significantly due to the change in the net of finance income^{*1} and costs^{*2} accompanying the acquisition of additional shares in Pentagon Technologies Group, Inc.

*1 Finance income of 1.1 billion yen posted in this fiscal year from derivatives transactions

*2 Finance costs of 4.6 billion yen posted in previous fiscal year from the subsequent measurement of liabilities related to a forward contract concluded with non-controlling shareholders

Results by Segment

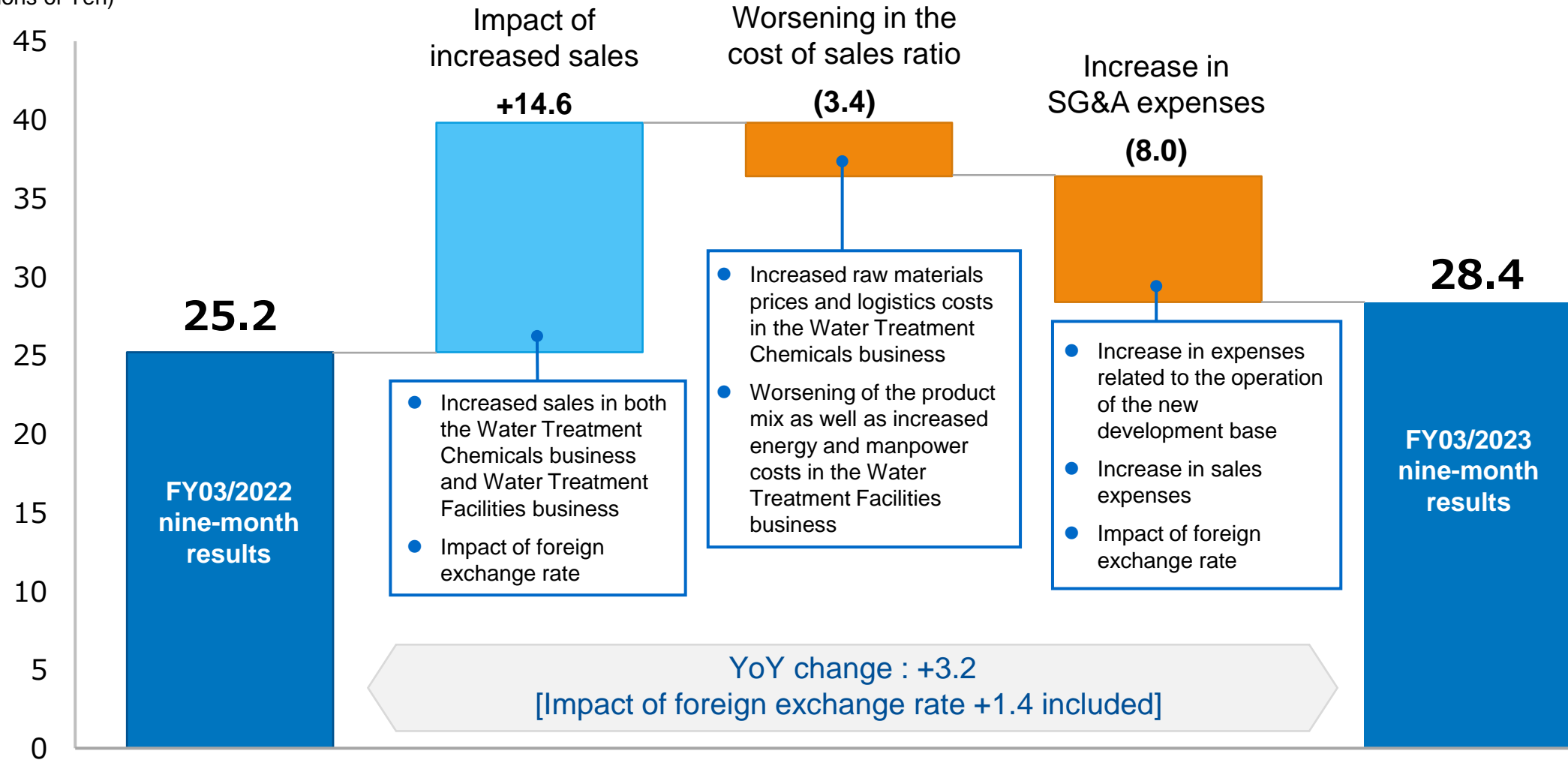


(Billions of Yen)		Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Total	Orders	218.8	288.1	+69.2
	Net Sales	211.2	251.7	+40.5
	Business Profit	25.2	28.4	+3.2
	Business Profit Margin	11.9%	11.3%	(0.7pp)
	Operating Profit	25.5	27.7	+2.1
Water Treatment Chemicals	Orders	87.6	102.5	+14.9
	Net Sales	87.9	102.9	+15.1
	Business Profit	10.8	12.4	+1.6
	Business Profit Margin	12.3%	12.1%	(0.3pp)
	Operating Profit	11.1	12.3	+1.2
Water Treatment Facilities	Orders	131.2	185.5	+54.3
	Net Sales	123.4	148.8	+25.4
	Business Profit	14.4	16.0	+1.6
	Business Profit Margin	11.7%	10.7%	(0.9pp)
	Operating Profit	14.4	15.4	+1.0

- Both net sales and profit in the Water Treatment Chemicals business rose chiefly due to overseas business growth.
- Orders in the Water Treatment Facilities business increased, reflecting increases in orders for facilities and maintenance in Japan and overseas.
- Net sales in the Water Treatment Facilities business increased for the domestic electronics industry and overseas, while decreased for domestic general industries.
- Business profit in the Water Treatment Facilities business increased as the impact of increased sales exceeded an increase in SG&A expenses and a worsening in the cost of sales ratio.

Factors in Change in Business Profit (YoY Change)

(Billions of Yen)



Water Treatment Chemicals

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Orders	87.6	102.5	+14.9
Domestic	32.2	32.3	+0.1
Overseas	55.4	70.2	+14.8
Net Sales	87.9	102.9	+15.1
Domestic	32.5	32.7	+0.2
Overseas	55.4	70.2	+14.8
Business Profit	10.8	12.4	+1.6
Business Profit Margin	12.3%	12.1%	(0.3pp)
Operating Profit	11.1	12.3	+1.2

- In Japan, due to the continued impact of COVID-19 and shortages of semiconductors in certain industries, net sales were almost unchanged from the same period of the previous fiscal year.
- Overseas, net sales increased due to revisions to sales prices in response to rising raw material prices, the development of CSV business, and an impact of foreign exchange rate.
- Business profit increased. This is because the impact of increased sales more than offset the impact of the worsening in the cost of sales ratio and increase in SG&A expenses.

Overseas Net Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Asia	20.0	23.6	+3.6
North & South America	17.4	24.5	+7.1
EMEA	18.0	22.1	+4.2
Total	55.4	70.2	+14.8

Factors in Change (Billions of Yen)

Organic Change	+5.9
Effect of Foreign Exchange Rate	+8.9

Water Treatment Facilities (for the domestic electronics industry)



(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Orders	47.9	61.4	+13.5
Facilities	4.3	11.2	+6.8
Maintenance	13.0	15.2	+2.2
Ultrapure Water Supply Business	23.2	27.9	+4.7
Precision Tool Cleaning	7.3	7.1	(0.2)
Net Sales	47.3	56.0	+8.7
Facilities	4.3	7.4	+3.1
Maintenance	12.5	13.7	+1.2
Ultrapure Water Supply Business	23.2	27.9	+4.7
Precision Tool Cleaning	7.2	7.0	(0.2)

- Orders for facilities increased reflecting orders for large projects, and net sales also increased due to progress on the construction of ordered projects.
- Both orders and net sales in maintenance increased mainly due to firm order trend including large projects.
- Orders and net sales in the ultrapure water supply business increased due to the commencement of new supply project.
- Both orders and net sales in precision tool cleaning slightly decreased from the same period of the previous fiscal year, reflecting the impact of operations in customers' plants.

Water Treatment Facilities (for domestic general industries)



(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Orders	37.4	42.5	+5.0
Energy and Infrastructure	32.3	37.5	+5.1
Soil Remediation	3.0	3.4	+0.5
Other	2.1	1.6	(0.6)
Net Sales	37.3	35.6	(1.7)
Energy and Infrastructure	32.3	30.7	(1.6)
Soil Remediation	2.8	3.3	+0.5
Other	2.1	1.6	(0.5)

- Energy and infrastructure orders rose reflecting large projects for maintenance and facilities for general industries.
- Energy and infrastructure net sales fell, reflecting a decrease in sales from facilities for the electric power industry and general industries, although sales from maintenance for general industries rose.
- In soil remediation, both orders and net sales increased from the same period of the previous fiscal year, due to capturing demand for small and medium-sized projects.

Water Treatment Facilities (Overseas)

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Orders	45.9	81.6	+35.7
Facilities	20.5	49.5	+29.0
Maintenance	12.0	14.8	+2.8
Ultrapure Water Supply Business	2.4	2.7	+0.3
Precision Tool Cleaning	10.9	14.6	+3.7
Net Sales	38.9	57.2	+18.4
Facilities	14.7	27.0	+12.3
Maintenance	10.8	13.0	+2.1
Ultrapure Water Supply Business	2.4	2.7	+0.3
Precision Tool Cleaning	10.9	14.6	+3.7

- In China and South Korea, both orders and net sales increased against a backdrop of strong investment demand in the electronics industry, mainly semiconductor sectors.
- Orders are progressing at a pace exceeding the full-year forecast due to the acquisition of large projects in China and South Korea.

Net Sales by Region

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Asia	22.3	35.7	+13.4
North & South America	16.5	21.6	+5.0
Total	38.9	57.2	+18.4

Factors in Change (Billions of Yen)

Organic Change	+10.9
Effect of Foreign Exchange Rate	+7.5

Breakdown of Service Business Sales

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Water Treatment Chemicals	87.9	102.9	+15.1
Water Treatment Facilities	99.3	111.7	+12.4
Ultrapure Water Supply Business	25.7	30.6	+5.0
Domestic Precision Tool Cleaning	7.2	7.0	(0.2)
Overseas Precision Tool Cleaning	10.9	14.6	+3.7
Soil Remediation	2.8	3.3	+0.5
Domestic Maintenance	40.3	41.7	+1.4
Overseas Maintenance	10.8	13.0	+2.1
Other	1.6	1.6	(0.1)
Total	187.2	214.6	+27.5

- Net sales in the Water Treatment Chemicals business rose due to a growth overseas.
- In the Water Treatment Facilities business, service business sales increased mainly in the field of ultrapure water supply business, overseas precision tool cleaning, and domestic and overseas maintenance.

Capital Expenditures, Depreciation and R&D Expenses

(Billions of Yen)	Nine months of FY ended 03/2022	Nine months of FY ending 03/2023	YoY Change
Capital Expenditures (Property, Plant and Equipment*)	47.3	35.3	(12.0)
Water Treatment Chemicals	8.9	5.3	(3.7)
Water Treatment Facilities	38.3	30.0	(8.3)
Depreciation (Property, Plant and Equipment*)	14.7	18.9	+4.2
Water Treatment Chemicals	3.2	3.5	+0.3
Water Treatment Facilities	11.5	15.4	+3.9
R&D Expenses	3.8	4.7	+0.9
Water Treatment Chemicals	1.2	1.4	+0.2
Water Treatment Facilities	2.6	3.3	+0.7

- Capital expenditures declined compared to the same period of the previous fiscal year due to the absence of investments related to new development bases.
- Capital expenditures for the ultrapure water supply business almost remained unchanged from the same period of the previous year.
- Depreciation increased due to the start of new projects in the ultrapure water supply business and the start of operation of new development bases.
- R&D expenses increased due to the start of operation of new development bases.

* Right-of-use assets are included.

Financial Condition

(Billions of Yen)	End of March 2022	End of December 2022	Change
Cash and Cash Equivalents	45.7	48.3	+2.5
Other Current Assets	132.7	143.0	+10.3
Total Current Assets	178.4	191.3	+12.9
Property, Plant and Equipment	161.0	175.1	+14.0
Goodwill	63.0	67.3	+4.3
Other Non-current Assets	67.6	62.2	(5.3)
Total Non-current Assets	291.6	304.6	+13.0
Total Assets	470.0	495.9	+25.9
Current Liabilities	113.9	104.9	(9.1)
Non-current Liabilities	78.2	96.7	+18.5
Total Liabilities	192.1	201.5	+9.4
Equity Attributable to Owners of Parent	271.9	291.8	+19.9
Non-controlling Interests	5.9	2.6	(3.4)
Total Equity	277.9	294.4	+16.5
Total Liabilities and Equity	470.0	495.9	+25.9

- Property, plant and equipment increased, mainly reflecting the acquisition of ultrapure water supply business facilities.
- Goodwill increased due to an impact of foreign exchange rate.
- Other non-current assets decreased mainly due to the partial sale of investment securities.
- Current liabilities decreased due to a decrease in other financial liabilities related to Pentagon Technologies Group, Inc., despite an increase from the issuance of commercial paper.
- Non-current liabilities increased due to the issuance of the bonds and new borrowings.

2 | Revision to Forecast for the Fiscal Year Ending March 31, 2023

Revisions to Business Forecast

- Orders forecast for Water Treatment Facilities business is revised upward to reflect the progress in orders for the domestic electronics industry and overseas.
- Net sales and profit forecasts remain unchanged as the posting of sales from increase of orders will be limited to a small portion in this fiscal year.

(Billions of Yen)		Previous Forecast (Announced in October)	FY ending 03/2023 Current Forecast	Change	FY ended 03/2022 Results
Orders		365.0	375.0	+10.0	315.2
Net Sales		350.0	350.0	—	288.2
Business Profit		39.0	39.0	—	32.9
Other Income and Expenses, Net		(1.0)	(1.0)	—	2.8
Operating Profit		38.0	38.0	—	35.7
Profit Before Tax		39.0	39.0	—	30.1
Profit Attributable to Owners of Parent		27.6	27.6	—	18.5
Earnings per Share (yen)		245.56	245.56	—	164.38
Foreign Exchange Rate	USD (yen)	136.0	136.0	—	112.4
	EUR (yen)	140.0	140.0	—	130.6
	CNY (yen)	20.0	20.0	—	17.5

Forecasts by Segment

(Billions of Yen)		Previous Forecast (Announced in October)	FY ending 03/2023 Current Forecast	Change	FY ended 03/2022 Results
Total	Orders	365.0	375.0	+10.0	315.2
	Net Sales	350.0	350.0	—	288.2
	Business Profit	39.0	39.0	—	32.9
	Business Profit Margin	11.1%	11.1%	—	11.4%
	Operating Profit	38.0	38.0	—	35.7
Water Treatment Chemicals	Orders	136.5	136.5	—	118.4
	Net Sales	136.0	136.0	—	117.7
	Business Profit	15.7	15.7	—	13.6
	Business Profit Margin	11.5%	11.5%	—	11.5%
	Operating Profit	15.7	15.7	—	14.6
Water Treatment Facilities	Orders	228.5	238.5	+10.0	196.8
	Net Sales	214.0	214.0	—	170.5
	Business Profit	23.3	23.3	—	19.4
	Business Profit Margin	10.9%	10.9%	—	11.4%
	Operating Profit	22.3	22.3	—	21.2

Breakdown of revisions in Water Treatment Facilities



- For the Domestic Electronics Industry

(Billions of Yen)	Previous Forecast (Announced in October)	FY ending 03/2023 Current Forecast	Change	FY ended 03/2022 Results
Orders	76.5	78.5	+ 2.0	86.7
Facilities	10.7	12.7	+ 2.0	25.5
Maintenance	18.8	18.8	—	20.1
Ultrapure Water Supply Business	37.3	37.3	—	31.5
Precision Tool Cleaning	9.6	9.6	—	9.6

- Overseas

(Billions of Yen)	Previous Forecast (Announced in October)	FY ending 03/2023 Current Forecast	Change	FY ended 03/2022 Results
Orders	88.9	96.9	+ 8.0	66.0
Facilities	45.6	53.6	+ 8.0	32.5
Maintenance	18.1	18.1	—	15.1
Ultrapure Water Supply Business	3.5	3.5	—	3.2
Precision Tool Cleaning	21.7	21.7	—	15.1



Forward-looking Statements

This presentation contains forward-looking statements, business plan projections, and judgments based on information available to management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, actual results may differ from those specified or implied by these forward-looking statements and projections.

The trademarks (products, services, logos) contained in this presentation belong to the Company or right holders that allow the Company to use the trademarks.